

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT  
NASHVILLE, TENNESSEE**

**January 7, 2005**

**IN RE:**

**APPLICATION FOR APPROVAL OF  
ACQUISITION BY VCOM SOLUTIONS, INC.,  
OF CONTROL OF QUANTUMSHIFT  
COMMUNICATIONS, INC., AND QUANTUMSHIFT  
COMMUNICATIONS OF TENNESSEE, INC.**

**DOCKET NO.  
04-00226**

---

**ORDER APPROVING TRANSFER OF AUTHORITY**

---

This matter came before Chairman Pat Miller, Director Deborah Taylor Tate and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on November 8, 2004 for consideration of the *Application for Approval of Acquisition of Control over Provider of Telecommunications Services* ("Application") filed jointly by QuantumShift Communications, Inc. ("QuantumShift") and VCOM Solutions, Inc. ("VCOM") (together the "Parties"). The Parties sought TRA approval, pursuant to the provisions of Tenn. Code Ann. § 65-4-113 (2004), for the transfer of control of a telecommunications services provider.

**Tenn. Code Ann. § 65-4-113**

Tenn. Code Ann. § 65-4-113 (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services (also known as a "certificate of public convenience and necessity" or "CCN"). Tenn. Code Ann. § 65-4-113(a) (2004) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public

convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

### **Background**

By an Order dated March 14, 2000 in TRA Docket No. 99-00677, QuantumShift received its CCN to provide operator or resell telecommunications services in Tennessee.<sup>1</sup> QuantumShift is currently a subsidiary of QuantumShift, Inc. and has one customer in Tennessee.

VCOM is a California company operating as a facilities-based and resale interexchange and competitive local exchange carrier. VCOM does not hold a CCN in Tennessee and will not engage in any intrastate business in Tennessee except indirectly through QuantumShift.

QuantumShift, Inc. is winding down and will not continue in business as an independent corporate entity. As a result of the proposed transaction, QuantumShift will become a subsidiary of VCOM.

### **The Application**

In the *Application*, which was filed with the TRA on September 16, 2004, VCOM and QuantumShift jointly requested approval for a change of ownership transaction. In association with the proposed transaction, QuantumShift, Inc. will cease operations and VCOM will acquire

---

<sup>1</sup> The company received this original CCN under the name MVX Com Communications, Inc. By an order dated July 10, 2001 in TRA Docket No. 01-00546, TRA granted the company's petition to change its name to QuantumShift Communications, Inc.

100% of the issued and outstanding stock of QuantumShift. QuantumShift will retain ownership of its Tennessee CCN and will become a wholly owned subsidiary of VCOM.

According to the *Application*, this transaction will be seamless to Quantumshift's one Tennessee customer. Operations in Tennessee will continue under the QuantumShift name and logo, there will be no disruption of service, and all rates, terms of service, and local management personnel will remain the same.

The Parties also assert that VCOM has the managerial, technical, and financial resources to assume the obligations of QuantumShift as a certificated telecommunications provider in Tennessee. The proposed transfer will allow both QuantumShift and VCOM to enjoy enhanced financial strength, greater buying power for underlying services, and increased efficiencies from their ability to combine management, sales, administration, billing, and other operating and office functions. According to the *Application*, the Parties' customers will benefit from these savings in the form of lower rates and service innovations, which are in the public interest.

The Parties nominally closed the proposed transfer transaction on May 28, 2004, prior to seeking approval from the TRA. The Parties acknowledge that the ultimate transfer is subject to TRA approval. They have requested that the TRA waive the pre-approval requirement and authorize the transfer under Tenn. Code Ann. § 65-4-113 (2004).

#### **November 8, 2004 Authority Conference**


At the November 8, 2004 Authority Conference, the Directors voted unanimously to approve the *Application*. The Parties have substantially complied with the requirements of Tenn. Code Ann. § 65-4-113, the transfer will be transparent to the Tennessee customer, and the change will have no detrimental effect on the customers or public welfare.

**IT IS THEREFORE ORDERED THAT:**

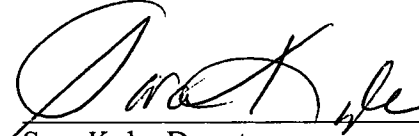
1. The *Application* of the Parties is approved.
2. The requirement that the Parties gain TRA approval prior to conducting the transactions is waived.
3. The proposed transfer of authority as described in the *Application* and discussed herein is approved.



Pat Miller, Chairman



Deborah Taylor Tate, Director



Sara Kyle, Director